

Message Text

CONFIDENTIAL

PAGE 01 STATE 202208

71
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY ARA/ECP:JO'MAHONY
APPROVED BY ARA - MR. JOSEPH GRUNWALD
S/S - FVORTIZ
ARA - HRYAN
ARA/CEN - MWEISSMAN
ARA/CEN - GGOWEN
H - EBLACK

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O 132314Z AUG 76
FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA IMMEDIATE

C O N F I D E N T I A L STATE 202208

EXDIS FOR THE AMBASSADOR ONLY

E.O. 11652: GDS

TAGS: EFIN, NU

SUBJECT: US POSITIONS ON IDB LOAN TO FED

EYES ONLY FOR AMBASSADOR FROM GRUNWALD

1. SOMOZA HAS BEEN BADLY MISINFORMED. INTERNAL USG PROCEDURES HAVE NOT REACHED STAGE WHERE ANY OFFICIAL POSITION HAS BEEN TAKEN ON THIS PROPOSED LOAN. IT HAS NOT, IN FACT, BEEN TRANSMITTED TO US TO DATE AS A FIRM PROJECT PROPOSAL. DISCUSSION BETWEEN OFFICIALS OF US EXECUTIVE DIRECTOR'S OFFICE AND IDB MANAGEMENT HAVE RELATED TO APPROPRIATENESS OF FSO FUNDING AND HAVE BEEN LIMITED TO ECONOMIC CONSIDERATIONS. NO USG OFFICIAL HAS RAISED HARKIN AMENDMENT DIRECTLY OR INDIRECTLY IN CONNECTION WITH THIS PROPOSAL.

2. AS NOW IS THE CASE WITH EACH AND EVERY LOAN AND GRANT WHICH THE US EXECUTIVE DIRECTOR MUST VOTE ON IN IDB, USG CONFIDENTIAL

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PAGE 02 STATE 202208

WILL HAVE TO CONSIDER APPLICABILITY OF HARKIN AMENDMENT.

OUR FINAL DECISION WILL HAVE TO TAKE INTO ACCOUNT THE SPECIFICS OF THE LOAN AND WILL HAVE TO CAREFULLY ASSESS THE HUMAN RIGHTS PRACTICES OF THE GOVERNMENT. THIS PROCESS HAS NOT BEEN UNDERTAKEN TO DATE WITH RESPECT TO NICARAGUA OR TO THIS \$15 MILLION AGRO-INDUSTRY LOAN PROPOSAL.

3. REASON APPROPRIATENESS OF FSO FUNDING HAS ARISEN IS THAT PROSPECTIVE BORROWERS INCLUDE LARGE INDUSTRIAL ENTERPRISES. ROBINSON

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NNN

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